

## **DRAFT MEETING SUMMARY (v.1)**

*DRAFT - NOT APPROVED BY COMMITTEE*

**HANFORD ADVISORY BOARD**  
**FINANCE AND CONTRACT MANAGEMENT COMMITTEE**  
*March 7, 2001*  
*Richland, WA*

### **Topics in this Meeting Summary**

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*This is only a summary of issues and actions in this meeting. It may not represent the fullness of ideas discussed or opinions given, and should not be used as a substitute for actual public involvement or public comment on any particular topic unless specifically identified as such.*

The meeting was chaired by Gerry Pollet, chair pro-tem of the committee. Introductions were made and committee member Jim Cochran complimented the facilitation team for so speedily producing a draft summary of the committee meeting held one week earlier.

### **Department of Energy-Richland Operations Office Contract and Budget Issues**

Bob Rosselli, Department of Energy-Richland Operations Office (DOE-RL), attended the meeting during this agenda item. The committee expected Mr. Rosselli to give a presentation on a list of DOE-RL contract issues identified the previous week. However, Mr. Rosselli was not prepared to give a presentation, and stated his understanding that he was attending the meeting solely as a resource if the committee had any questions. The committee members expressed frustration about this because they believed their expectation about a presentation had been made clear.

Because the presentation expected by the committee was not possible, members decided to engage in a question and answer session with Mr. Rosselli. The committee also noted that it needs to know when it will receive the additional information, which is necessary for the advice process.

Throughout this discussion, the committee expressed frustration about not knowing DOE-RL's budget values this year.

### **Committee Questions and Discussion**

- The committee raised questions about whether the Fluor Hanford, Inc. (Fluor) contract contains incentives for all TPA milestones. Mr. Rosselli answered that the performance incentives (PIs) cover and incorporate every TPA milestone required in that work period.
- What groundwater work in the 200 Area will be included in the Fluor contract? Mr. Rosselli answered that the contract includes a placeholder for groundwater vadose zone work because that work scope is still in the Bechtel contract. The new River Corridor contract will shift the work scope to the Fluor contract and develop specific PIs for that work. He added that currently Fluor is working on schedules and baselines for each of 17 activities that will be integrated into the overall Central Plateau schedule, which will be available in June 2001.
- The committee asked for clarification about work families within the contract and how those will affect contractor decisions to prioritize Baseline, Stretch, and Super Stretch work. A committee member reported that at DOE-RL's budget workshop on March 6<sup>th</sup>, a DOE-RL representative detailed how a contractor could conceivably ignore baseline work in certain work families. Mr. Rosselli explained that his understanding is that the financial incentives are structured such that it isn't to a contractor's benefit to ignore baseline work. Specifically, the contractor receives progress payments and then a balloon payment when it completes the work before the deadline. And if the contractor runs into compliance issues, there is a clause in the contract allowing DOE-RL to reduce the contractor's fee by that amount. Mr. Rosselli clarified that there is no rule prohibiting a contractor from taking money from one work family and apply it to another.
- The committee raised a concern over the contract's philosophy of allowing the contractor to perform only the lucrative work. He said it is a misperception that the contractor can decide what work to do, because there are two components to baseline management: defining the baseline and baseline change. He reiterated that DOE-RL has the final say in baseline changes.
- Will there be enough money in the budget for the River Corridor contract? Mr. Rosselli responded that DOE-RL hopes so. If DOE-RL gets less money than it has asked for, it will have to renegotiate the Fluor contract. Mr. Rosselli emphasized that the contract mechanisms were not being used to avoid TPA obligations.
- Dennis Faulk, U.S. Environmental Protection Agency (EPA), asked about the timeframes for River Corridor work scope and the Request for Proposal (RFP) for River Corridor work? Mr. Rosselli said DOE-RL has assembled a board for the River Corridor contract, which is developing the RFP. There is a pre-bid conference on March 20, 2001 (at which the public can provide comments), then three days of one-on-one sessions for prospective bidders. The committee asked when regulators and the public could give input on work scope priority? Mr. Rosselli answered that DOE-RL is willing to give the Hanford Advisory Board (HAB) an opportunity for input similar to what happened with the Fluor contract. The pre-bidders conference will be the first opportunity for public input.

- The committee commented that the Fluor contract baselines violate the TPA because the River Corridor groundwater scope of work is two years beyond the TPA deadline. It is concerned that in executing the Fluor contract, DOE-RL has made commitments without TPA or public support.
- The committee suggested that TPA milestones be reviewed every few years.
- The committee requested that DOE-RL develop a matrix that reflects: TPA milestones associated with work scope, work identified to be done in the fiscal year, an identification of what work is or is not directly tied to TPA milestones, and a column showing the disconnects between DOE-RL's Integrated Priority List (IPL), the TPA, and unfunded work. Mr. Rosselli agreed to produce this matrix, with the caveat that the details are dependent on timelines Fluor is currently developing. The committee also requested that the matrix display both full funding and level funding scenarios in relation to TPA milestones. Mr. Rosselli said he would try to make the matrix for the next day's public meeting, but the committee just requested that he fax it to committee members when it is complete.
- The committee asked Mr. Rosselli how DOE-RL planned to support site infrastructure in the future. He answered that the old philosophy was "run to failure," and acknowledged that that philosophy won't work. Before the Bush administration took office, DOE-RL submitted a plan to improve infrastructure, and asked for funding of \$25-45 million.

### **Regulator Perspectives**

#### **EPA**

- Doug Sherwood, EPA, said that he sees the budget as inadequate and has no confidence that DOE-RL will comply with either the TPA or the EPA's 5 year review. He would like a more complete plan of 200 Area characterization, and was particularly concerned with whether the contract included enough work in the groundwater zones. He is most worried about work left out of the Fluor contract and what work will actually be in the River Corridor contract. He is confused about the work being moved around.
- Dennis Faulk, EPA, reiterated that the EPA needs more budget details before it will be satisfied that TPA milestones will be met. He was concerned that DOE-RL was moving work scope for burial grounds 618-10 and -11 into the 2018 timeframe. Also, EPA's five-year review showed significant groundwater problems, not included in the 2012 Plan, which will take a lot of money to remedy. Those are examples of two areas of new work scope, but for the EPA to be convinced that DOE-RL could actually clean up these problems, he needs to see the budget numbers because both scopes involve a lot of work and will be difficult.
- Dennis Faulk also commented that the scope of work on the 100 Areas is clear and will be cleaned up by 2012, but noted that DOE-RL is also proposing demolition of the 300 Area buildings. From a policy level, EPA needs to know whether it is the public's priority to trade 200 area work for accelerating 300 area remediation. Mr. Rosselli responded that if DOE-RL has to make those tradeoffs,

then it would be part of a TPA change package and the public would be involved. Mr. Faulk emphasized that it is very important to have regulators and the public involved.

### **Ecology**

- Ron Skinnarland, Ecology, urged Mr. Rosselli to convey to DOE-RL that all three agencies need to meet to discuss the disconnects between the TPA and the contracts. He pointed out that if the TPA goals were in alignment, the bidding process would be cleaner for the contractor. Mr. Rosselli responded that DOE-RL also wants an alignment between outcome, strategy, contracts, and the regulatory process. Unfortunately, because of business matters it has had to keep moving and is slightly off schedule.
- Ron Skinnarland, Washington State Department of Ecology (Ecology), asked what prevents Fluor from slowing down on spent fuel work and diverting that money to something easier, given that Fluor will have 5% flexibility before a baseline request is needed? Mr. Rosselli answered that the 5% is a broad control for overall cost relative to the contractor's ability to earn fee. If Fluor completes work but spends 5% then that impacts their ability to earn fee. DOE-RL is still in the process of defining threshold levels relative to baseline control.

### **Hanford Nuclear Waste Management Program**

Fred Jamison, Ecology, presented the objectives and framework of the Hanford Waste Management Program 2001 Strategic Plan. This is a 45-year strategic plan about waste management at Hanford during the years 2001-2046. It attempts to identify and quantify waste streams, lay out schedules for work, and lay out key assumptions and contingencies. The plan contains master schedules for work and work activity for the entire time frame. Part of the strategy is to establish new ways of considering things, such as how existing facilities can be used for treatment, and how to improve quality, efficiencies, reduce cost. There is also an emphasis on protecting workers and communities.

Interested committee members signed up for hard copies of the Waste Management Strategic plan, which is available online at:  
[www.hanford.gov/wastemgt/doe/psg/business.html](http://www.hanford.gov/wastemgt/doe/psg/business.html).

### **Committee Discussion**

- Do master schedules have specificity? Mr. Jamison referred to Appendix C of the plan and answered that the master schedules are fairly specific for waste category, facilities, and schedules
- Does this plan take into consideration waste streams from the vitrification plant? Mr. Jamison answered that this plan does not, although there is work going on to do that.

- The committee asked for clarification regarding the waste to be moved offsite. Mr. Jamison answered that the plan is to move all post-1970s TRU waste offsite to the Waste Isolation Pilot Plant (WIPP). The committee then asked whether DOE-RL will retrieve all of the TRU waste or leave some in place. Mr. Jamison said that some may be left in place.
- Does Ecology have authority over TRU waste per the Resource Conservation and Recovery Act (RCRA)? Mr. Jamison responded that it does.
- The committee asked whether Ecology has looked at whether DOE-RL has used up their trench capacity and whether it wants to build another trench? Mr. Jamison responded affirmatively, saying the strategic plan includes expanding trench area for low-level and low-level mixed waste because DOE-RL will need more capacity in the low-level burial ground. Ecology has not seen specific details about that yet. The committee marked this as an issue to flag for budget advice, disagreeing with DOE-RL's use of site-limited funds to provide for off-site disposal. The committee noted in the past the HAB has advised that the waste generator should fully bear the long term costs, and that DOE's cost documents show that it charges the waste generator only 50% of long-term costs.

### **DOE-ORP Contract Presentation**

Steve Wiegman and Jim Rasmussen, Department of Energy-Office of River Protection (DOE-ORP), attended the meeting to address questions the committee had flagged from its discussion of the CH2M Hill Hanford Group (CHG) contract at the February 28, 2001 committee meeting. Mr. Rasmussen distributed a comparison of the DOE-ORP contract milestones and TPA milestones (see Handout "Office of River Protection Realignment of Tri-Party Agreement Milestones"). The committee thanked DOE-ORP for the fast response, and noted that the table he had prepared was almost exactly the matrix that it had requested of DOE-RL.

Mr. Rasmussen began by explaining the differences between the TPA and CHG contract milestones. The current TPA dates reflect the director's determination, which are a reflection of the BNFL contract. He explained that slippage reflects time between BNFL's termination and CHG's start date, which CHG has not yet told DOE-ORP. The milestones in which the current contract date is listed as "TBD" never had specific milestone dates, which is consistent with TPA.

Mr. Rasmussen stated that the proposed TPA date changes on his handout were just a proposal. He noted that DOE-ORP added a 3 month float period between the contract deadlines and TPA deadlines to give DOE-ORP an opportunity to rebound. He also said that those dates were subject to change after the April 15<sup>th</sup> Bechtel Washington submittal. Mr. Wiegman added that all baseline changes should be completed by September.

### **Committee Discussion**

- The committee asked what will happen if DOE-ORP does not receive funding for the contract. Mr. Wiegman answered that the contract states that renegotiations are required if there is a funding shortfall.
- The committee asked about knowledgeable personnel, noting that an original intent about staffing this contract was to work on K Basins near the same time as personnel were needed for the vitrification plant, a plan which would supply workers already experienced in handling nuclear materials. The committee was concerned that with so many years between K Basins and the vitrification plant would lead to workforce problems. Mr. Rasmussen admitted that this was a problem.
- How would a funding shortage be displayed? Mr. Wiegman responded that if DOE-ORP receives enough money, it assumes the incentives give the contractor enough money to complete all the work. If funding is too low, DOE-ORP will have to renegotiate.
- The committee suggested that if and when the budget allocation is less, there should be a process for public and regulator involvement in the work prioritization decisions.

### **Regulator Perspectives**

#### **EPA**

- Doug Sherwood, EPA, asked DOE-ORP if its schedule with the regulators assumes there will be no appeal of the Pollution Control Hearings Board (PCHB) ruling? Jim Rasmussen, DOE-ORP, answered affirmatively and said DOE-ORP would like to resume a partnership with the state.
- Doug Sherwood addressed the strategy of setting TPA milestones. He pointed out that when a contract has very few milestones, it is sometimes harder to make course corrections along the way to make sure those milestones are met. For that reason, in a contract with only a few milestones, it may be more reasonable to have a buffer, like the 3 month period proposed by DOE-ORP for the CHG contract.
- Doug Sherwood, EPA, said it is impossible to set an IPL for 2003 without 2002 budget information.

#### **Ecology**

- Dib Goswan and John Price from Ecology each gave short presentations on examples of TPA and regulatory work that do not appear to be funded.
- Mr. Goswan and Mr. Price also reported on a variety of soil and groundwater issues, including Ecology's recently completed 5 year review

### **Committee Discussion of Advice Principles**

#### **Contract Advice**

The committee discussed items they had flagged earlier in the day that might serve as principles for advice. Based on the items flagged, it was suggested that the committee produce two pieces of advice: one on the contract issues, and the other on budget.

#### **Prioritization of Work**

- How is work prioritized by contractors?
  - Existing contracts: Fluor, CHG
  - Future Contracts: River Corridor
- Ability of contractors (CHG, Fluor, River Corridor) to complete stretch or super stretch work before baseline work.
- Ability of contractors (CHG, Fluor, River Corridor) to prioritize work without DOE oversight.
- Fluor Contract Extension: Are there TPA milestones during the duration of the contract that are excluded from workscope? Which? What is the impact of excluding those milestones?
- What is the protocol for prioritizing work within a contract that is underfunded? What is the mechanism to get input to DOE from the HAB, the general public, and regulators?
- Contract baselines of both direct and indirect work need independent validation in order to know what work can be done for a given funding level;

#### **Linkage between the TPA and Contracts**

- Contracts should reflect the TPA as it is currently, not as DOE would like it to exist.
- Contracts should reflect the TPA commitments that have consensus support from DOE, EPA, and Ecology.
- There are disconnects between the TPA and “Hanford Cleanup Summary Schedule” from the March 6<sup>th</sup> DOE Budget Workshop.
- Work included in a contract workscope that is not in the TPA should be presented in a public process. If the public believes that the work should not be included in the contract, it should be taken out.
  - Question from the committee: Does this create problems for EPA/Ecology by having “tentative contracts”?
- There should be a public review/approval of contracts if they drive work in a way that is inconsistent with the TPA.
- How to insightfully have input into upcoming River Corridor Contract.
- DOE-ORP and DOE-RL should create matrices that show the comparison between the TPA and existing contracts. Each contract matrix should include:
  - Current dates for TPA milestones;
  - Current dates for those milestones as required under the contract;
  - DOE proposed milestone under:
    - Requested budget; and
    - Level funding;
  - EPA/Ecology proposed milestones if different.

#### **Fluor Contract: Project Support Operations Center (PSOC)**

- At a time when it appears compliance work is not going to be funded, and as a result, some compliance work may not be completed, the HAB questions the wisdom of requiring a PSOC in the Fluor contract. This is particularly true when access to corporate expertise is supposed to be part of the PHMC.
- There should be a metric to track the efficacy and/or cost of the PSOC. This metric should track both benefits and costs.
- Question from committee: Should we reiterate past advice regarding layoffs?

#### **Other**

- Is the public willing to defer 200 Area remediation in exchange for accelerating 300 Area building demolition? What is the process to get this information?
- An obligation to capture the institutional knowledge about the 618-10 and -11 burial grounds should be included in a contract.

- Should requirements re: the 618-10 and -11 burial grounds reside in the River Corridor or Fluor contract? The committee should identify concerns relative to this decision rather than telling DOE how to answer question.

### **Budget Advice Principles**

- Use of site funds for offsite waste disposal.
- Difficulty of identifying compliance gap(s).
- DOE-RL's prioritization of TPA milestones – validate or disagree.
- Whether the TPA directs contract or the contract directs the TPA.
- DOE-ORP and DOE-RL should produce an IPL.
  - For DOE-RL, delineate items on list that relate to the central plateau from those that relate to the river corridor.

### **Handouts**

- EnviroIssues' Draft Meeting Summary of Finance and Contract Committee's February 28, 2001 meeting; March 7, 2001
- Hanford Advisory Board Past Advice Version 1; March 2001
- Harry L. Boston's Informal Note from the Office of River Protection Manager; March 7, 2001
- Hanford Cleanup Budget Meetings Office of River Protection Breakout Session Presentation by Steve Wiegman; March 6, 2001
- HAB Consensus Advice #105; February 4, 2000
- Financial and Contract Management Committee Draft Agenda; March 7, 2001
- Fred Jamison's Presentation on the Hanford Waste Management Program; March 7, 2001
- Fred Jamison's Hanford Waste Management Program 2001 Strategic Plan and Hanford Waste Management Ecology's Concerns; March 7, 2001
- HAB Consensus Advice #107; April 20, 2001
- HAB Consensus Advice #94; March 26, 1999
- Fluor Hanford, Inc. Contract DE-AC06-96RL13200 Modification M126 Part I – The Schedule, Section C Statement of Work; December 21, 2000
- Financial and Contract Management Committee's List of Follow-Up Items from February 28, 2001 Meeting
- CH2Mhill Hanford Group, Inc. Contract No. DE-AC27-99RL14047, Modification M030 Part I, Section C Statement of Work; no date listed.
- Office of River Protection Realignment of Tri-Party Agreement Milestones; March 7, 2001
- U.S. Government Procurement's Z-Decontamination and Decommissioning, and Remediation Services on a Large Portion of the Hanford Site; February 15, 2001
- U.S. Government Procurement's Z-Decontamination and Decommissioning, and Remediation Services on a Large Portion of the Hanford Site; March 1, 2001



## Attendees

### **HAB Members and Alternates**

James Cochran	Charles Kilbury	Susan Leckband
Jeff Luke	Denny Newland	Maynard Plahuta
Gerry Pollet	Gordon Rogers	Keith Smith
Dave Watrous		

### **Others**

Gail McClure, DOE-RL	Dib Goswan, Ecology	Les Davenport, BHI
Bob Rosselli, DOE-RL	Fred Jamison, Ecology	Nancy Myers, BHI
Todd Shrader, DOE-RL	John Price, Ecology	Christina Richmond, EnviroIssues
Jim Rasmussen, DOE-ORP	Ron Skinnarland, Ecology	Susan Wright, EnviroIssues
Jennifer Sands, DOE-ORP	Joy Turner, Ecology	Barb Wise, FHI
Steve Wiegman, DOE-ORP	Dennis Faulk, EPA	Chris Chamberlain, Nuvotec
	Doug Sherwood, EPA	Peter Bengston, PNNL
		John Stang, Tri-City Herald